

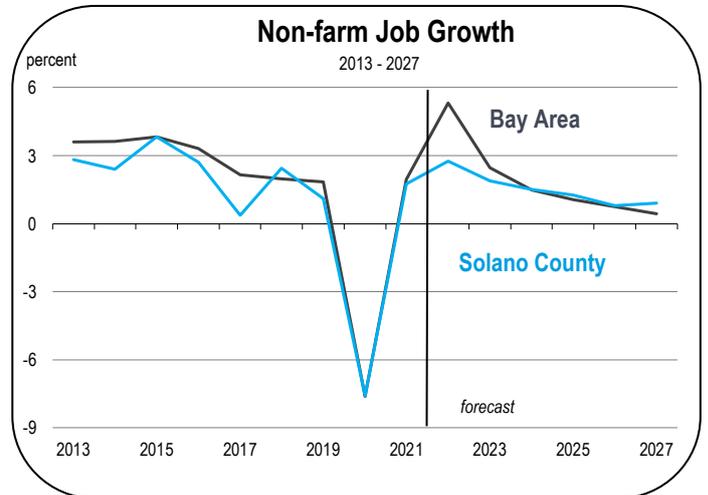
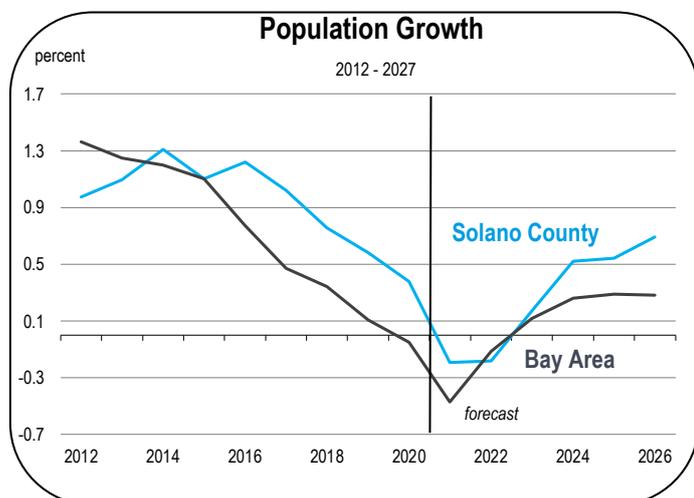
Solano County Economic Forecast

Forecast Summary

- On an annual average basis, 3,700 wage and salary jobs will be restored in Solano County during 2022.
- Employment gains in 2022 will be largest in leisure services, healthcare, retail trade, and public service departments including the schools. These 4 sectors will account for 77 percent of all jobs created.
- The unemployment rate averaged 7.2 percent in 2021. It is forecast to average 4.3 percent in 2022.
- The largest tourist attraction in the county is the Jelly Belly factory in Fairfield.
- The Solano County population is expected to grow faster than any other Bay Area county over the forecast period.
- Relative to the last 5 years, housing production is forecast to rise by 25 percent over the next 5 years.
- Home prices surged in 2021, rising by 14 percent. Despite declining selling values for housing sold from the late Spring through the Autumn of 2022, the median price for 2022 will rise approximately 6 percent.

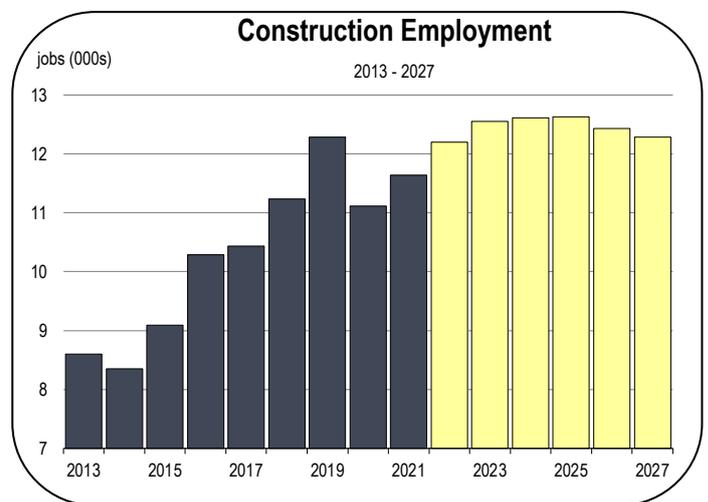
Job Growth

- Total employment in Solano County will expand by 2.8 percent in 2022, and 2.0 percent in 2023.
- Between 2022 and 2027, job growth will average 1.5 percent per year.

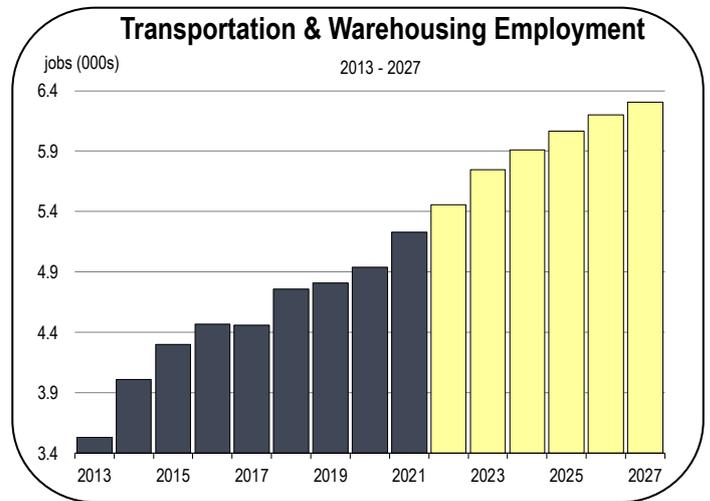
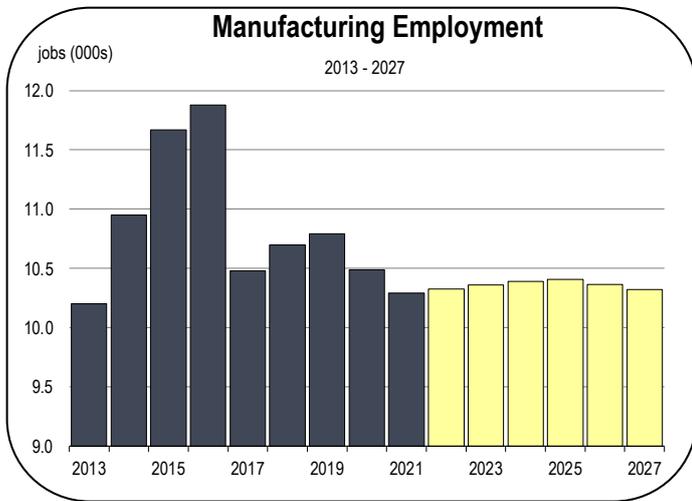


Construction Employment

- The construction industry added 530 jobs during 2021 and will add another 570 jobs in 2022.
- Construction employment is expected to return to pre-recession levels during 2022 and remain a significant jobs contributor over the forecast.
- The anticipated level of new housing production and non-residential construction activity will require an expansion of the construction workforce over the next five years.
- Currently the construction workforce is fully employed, construction firms are struggling to hire additional workers, and without evidence of an expanding labor force, there is risk that the near term forecast will not be realized.



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Manufacturing Employment

- Solano County has a high concentration of employment in food manufacturing, anchored by the Jelly Belly Factory, Guittard Chocolate, Valley Fine Foods, and the Anheuser-Busch brewery.
- The Jelly Belly factory has an estimated 443 employees at the headquarters in Fairfield. The factory not only produces Jelly Belly products, it contributes to Solano County’s tourism activity, bringing more than eight million visitors to the region since the factory was established in the 1980s. The Jelly Belly Museum and Factory Tour are open 9 to 4 daily.
- Solano County also has a substantial number of pharmaceutical manufacturing jobs, primarily at Genentech, Novici Biotech, and Muri Genics.

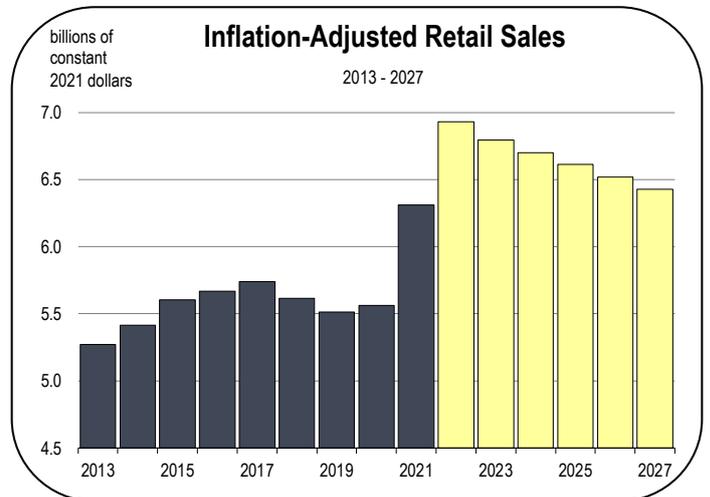
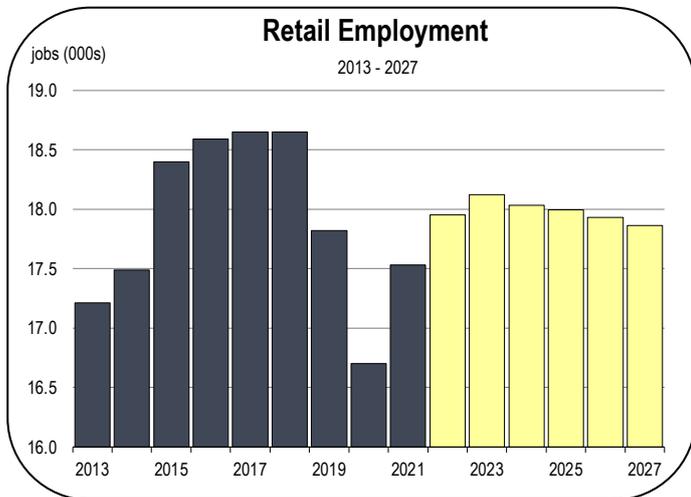
Transportation and Warehousing Employment

- Most transportation jobs in Solano County are in trucking and warehousing, where firms deliver goods to and from the Port of Oakland, and store these goods in logistics facilities.
- Employment in the transportation and warehousing industry grew by 2 percent in 2021, and is expected to add jobs at a healthy clip over the forecast, as plans for future warehouse space continue to broaden.
- Solano and Napa counties have been leading all North Bay Counties in the construction of big warehouses — and big leases for the space, often spoken for before completion (North Bay Business Journal, June 2022). Upwards of 2 million square feet worth of projects, mostly in Solano started over the past two years.
- All of the space is for warehousing and distribution. According to Cushman and Wakefield, there is the potential for 5 million square feet of industrial warehouse to be built on a speculative basis in Fairfield and Vacaville alone.
- The Fairfield Industrial Center (339,000 SF) will be developed by Trammel Crow, breaking ground in 2023.
- Colliers estimates the industrial vacancy rate at between 2 and 3 percent for the Solano-Napa market in 2022.



Jelly Belly factory

Solano County Economic Forecast



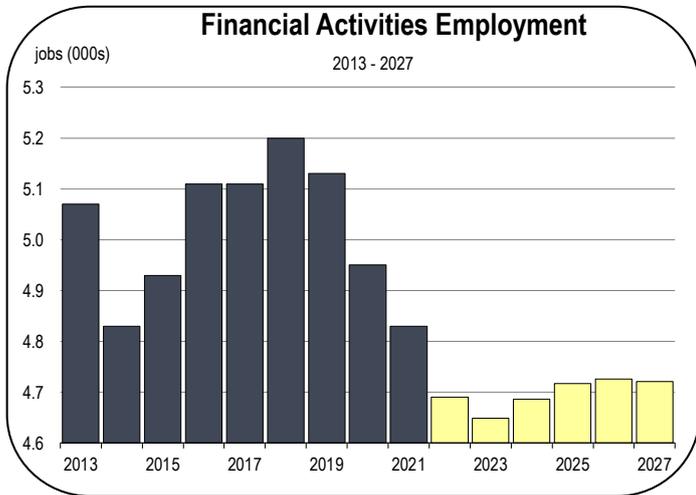
Retail Trade Employment

- The most prominent retail fixture in Solano County is the Vacaville Premium Outlets, which has 87 clothing and accessory stores, 2 restaurants, and a recreation venue.
- Employment in retail trade grew by 5 percent in 2021, an addition of 830 jobs. Another 400 jobs are expected to be added in 2022. A full rebound of employment from the 2020 recession is not expected. In fact, in tandem with the rest of the state, retail employment is likely to contract over the forecast because automation and the widespread transition to online shopping is reducing the need for staffed brick-and-mortar shops and stores.
- The addition of fulfillment centers and warehouse distribution facilities has caused online retail sales and their associated sales taxes to be reallocated to Solano County, generating a sales tax surge in the County.
- The forecast has retail employment recovering more jobs in 2022, particularly at the Vacaville Outlets. The outlets employed more than 1,000 workers in 2019 and due to its popularity in the extended region, could return to similar staffing levels in 2022.



Vacaville Premium Outlets is an outdoor shopping mall in Solano County, with over 85 stores including J.Crew, Kate Spade, Michael Kors, Nike, and Under Armour. As the county's largest shopping destination, Vacaville Premium Outlets serves the nearby communities of San Francisco, Napa Valley, and Sacramento.

Solano County Economic Forecast

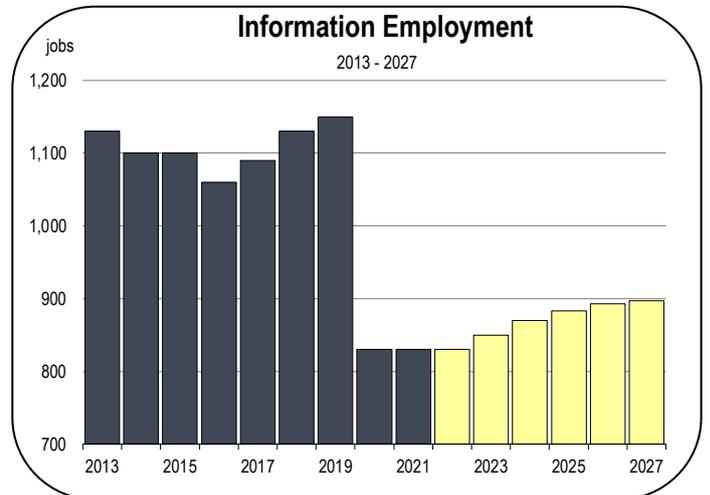
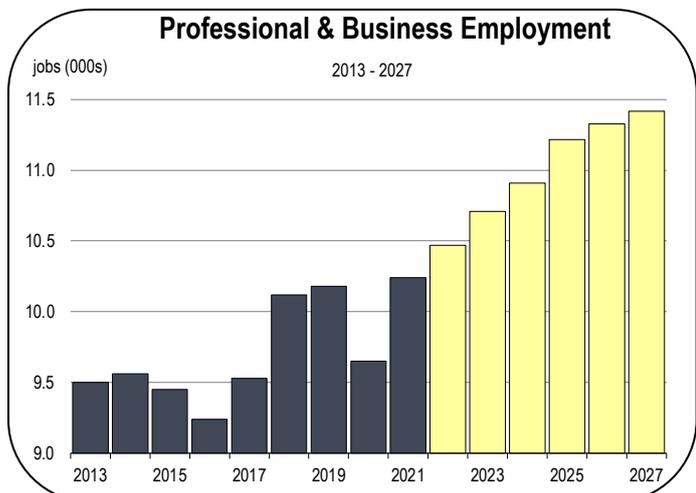


Financial Activities Employment

- The Solano County financial activities sector is primarily comprised of real estate agencies, insurance firms, and banks.
- Over the forecast, most growth will be observed in the real estate services industry after 2023.
- Banks and insurance firms have automated much of their functions and will not be adding to employment in the financial sector over the forecast.

Professional and Business Services Employment

- The professional and business services industry grew by 6.1 percent in 2021, an addition of 800 jobs. Another 230 jobs are expected to be added in 2022.



- Employment gains have been the largest in staffing agencies, which is expected to lead growth over the forecast period, along with building maintenance services followed by technical consulting.

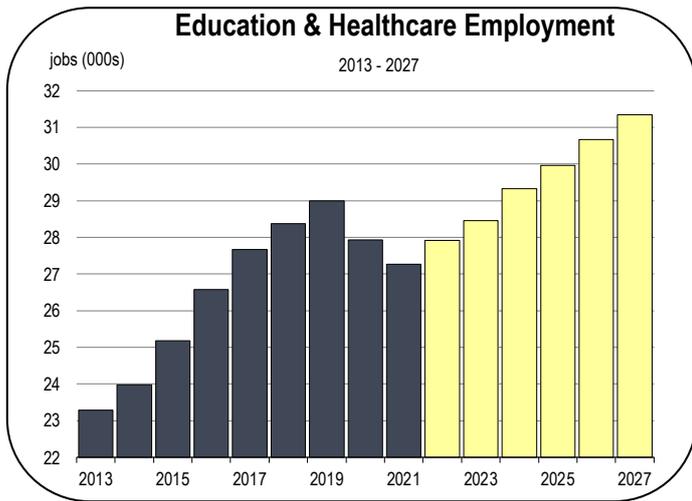
Information Employment

- In Solano County, the information sector is dominated by movie theaters, telecommunications companies like Comcast, and newspapers.
- Job gains were completely negligible in 2021 and minimal job growth is expected in 2022 or over the entire forecast period.

Private Education and Healthcare Employment

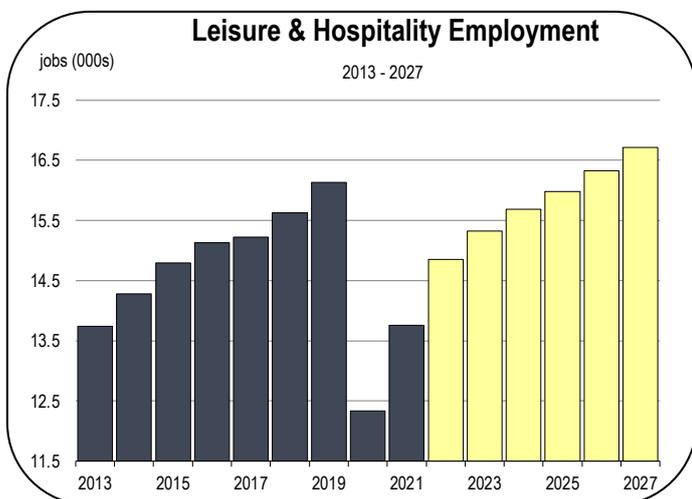
- Healthcare accounts for 93 percent of all jobs in the broader private education/healthcare sector. A significant restoration of jobs began in earnest during the second half of 2021.
- Medical centers and hospitals are among the largest employers in the County. This includes the California Medical Facility, Kaiser Permanente, Northbay Healthcare, Northbay Medical, Northbay Hospital, and Sutter Solano Medical.
- Healthcare will generate the largest number of new jobs over the next 5 years than any other labor market sector in the County. Just over 4,000 new jobs are forecast through 2027.

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Leisure and Hospitality Employment

- Leisure and hospitality employment levels experienced the greatest increase in 2021 out of all labor market sectors. Restaurant employment accounts for 90 percent of all workers in this broad sector.
- This industry also includes hotels, bars, catering, amusement and fitness centers. The surge of jobs created in 2021 included the restoration of operations and workers at Six Flags Discovery Kingdom in Vallejo. Employment rose by 1,400 jobs. It is on pace to add 1,000 more workers in 2022.

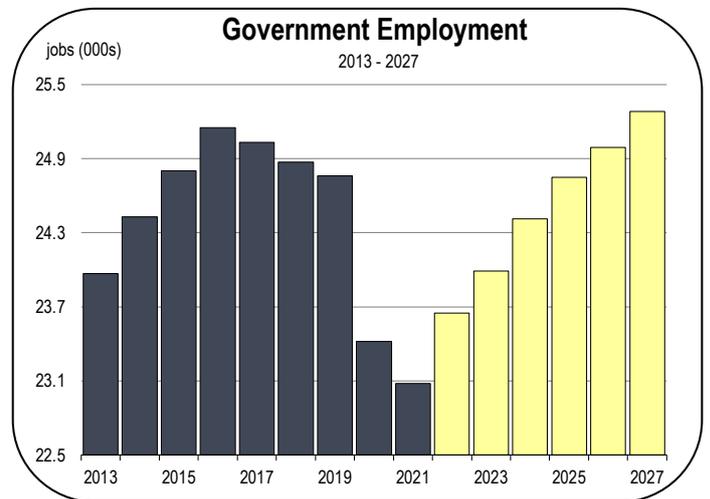


Government Employment

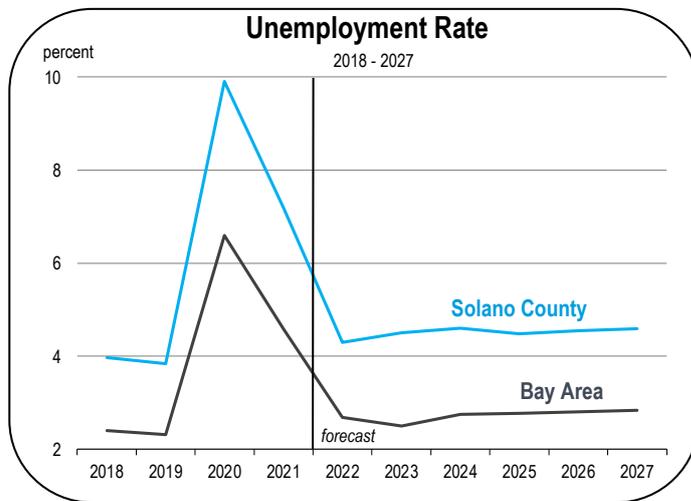
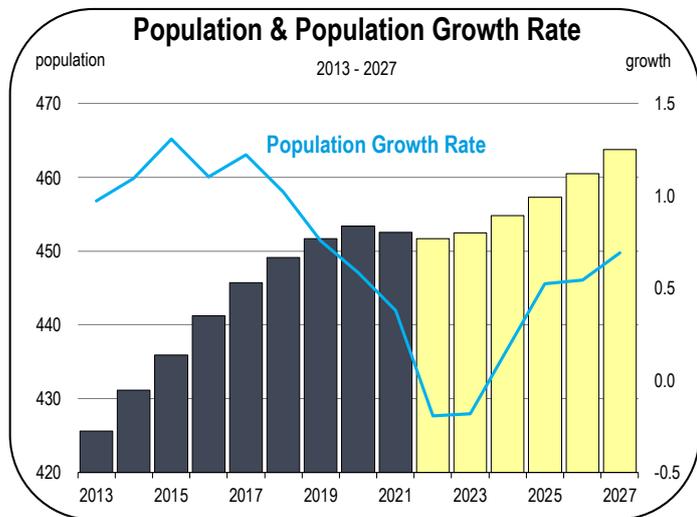
- State and local government agencies lost 300 jobs during 2021, but nearly 500 positions are expected to be reinstated in 2022.
- Behind healthcare, public sector employment is the largest labor market in the county, and local government accounts for 73 percent of state and local sector employment.
- Travis AFB is the largest employer of both public and private workers. An estimated 13,400 jobs are located on base.
- County and city employment is gradually being restored, but public school employee headcounts will lag in 2022 and 2023.
- Public schools employ more workers than any other public sub-sector in Solano County, but with declining enrollments forecast to 2027, growth of public sector employment will be modest over the forecast.

Population Growth

- The Solano County population is expected to expand slowly between 2022 and 2027.
- The county's population declined in 2021 due entirely to the outflow of 1,900 net migrants. Declining population has characterized all Bay Area counties in 2021.



Solano County Economic Forecast

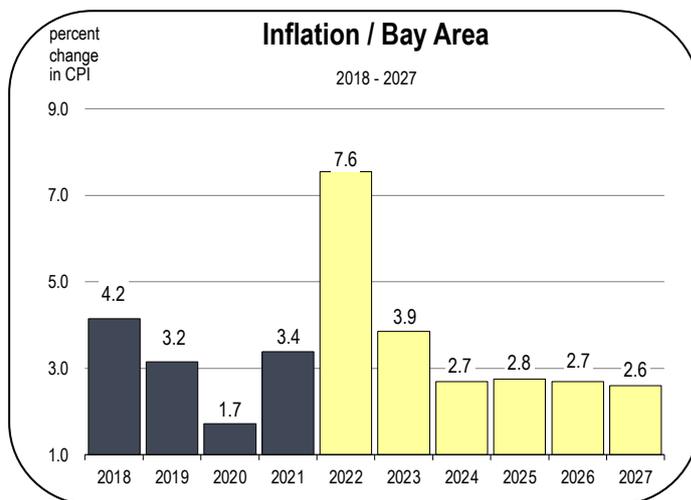
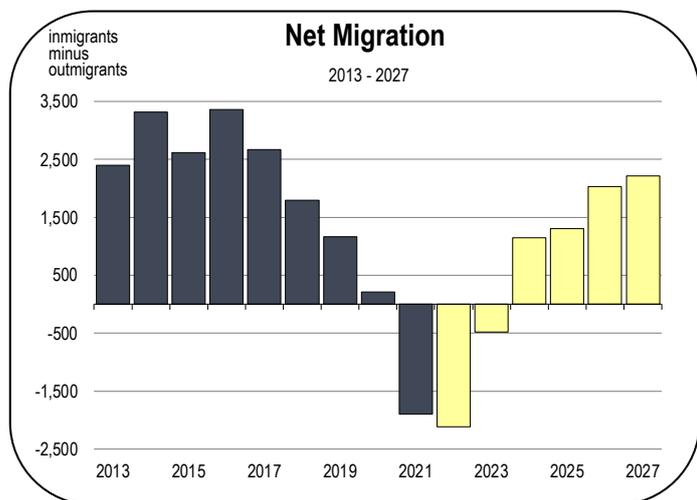


- Continued negative net in-migration is expected in 2022. The forecast however, calls for a reversal over the forecast period, as residents relocate from San Francisco and the East Bay for much more available and affordable housing options in Solano County.
- Population growth is expected to accelerate over the forecast, and Solano County comparatively will generate the highest growth in population than any other Bay Area county.

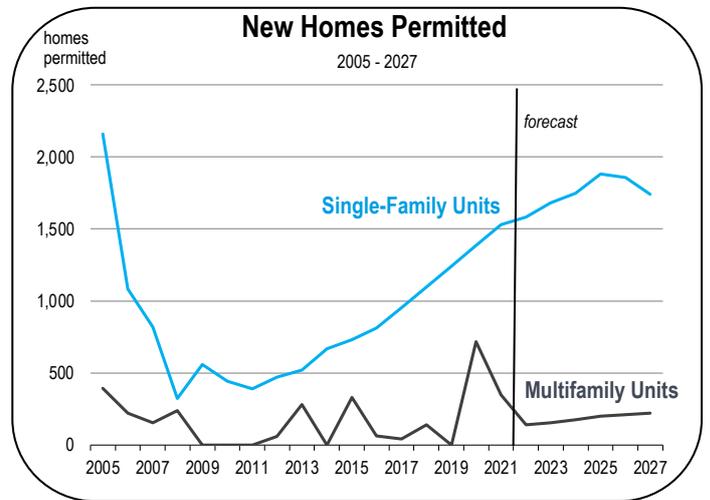
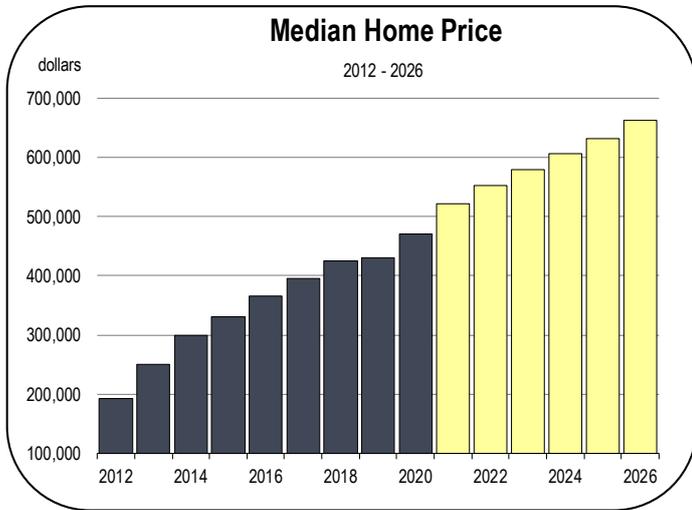
Unemployment and Inflation Rates

- The unemployment rate in Solano County averaged 7.2 percent in 2021.
- An unemployment rate below 5.0 percent signifies a fully employed workforce in Solano County.
- The unemployment rate is expected to average 4.3 percent in 2022 and 4.5 percent in 2023.
- Inflation soared in 2021 and is expected to remain elevated for several years.

- During 2022 and into 2023, there will be a number of factors that will contribute to higher inflation. The most prominent will be:
 - Record spending by consumers and the federal government during 2022 and 2023
 - Fractures in the global supply chain that raise the cost of production for many businesses
 - Sharp increases in the cost of housing and energy
 - Labor market recruitment challenges that force companies to raise wages
- Combined, these factors have pushed inflation to its highest rate in 40 years. Ultimately, inflation reduces the purchasing power of households and negatively impacts consumer confidence, limiting the growth potential of the economy in 2022.
- However, inflation will gradually decelerate in 2023 as supply chains are restored, and the impending economic slowdown moderates the demand for labor and wage increases. Average inflation rates eventually decline to 3 percent again by 2024.



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Home Prices and New Housing Production

- In 2021 the median home price for all housing in Solano County—both single family detached and attached---was \$545,000. This cost for housing is half of the cost in the East Bay Counties of Alameda and Contra Costa, and a third of the cost in San Francisco.
- During 2022, the median price will rise 6 percent to \$595,000.
- In Solano County, the typical household spends less than 30 to 35 percent of its income on mortgage payments or rent. In San Francisco the typical household spends 50 to 60 percent of income on housing costs.
- From 2016 to 2021, an average of 1,400 new homes were started per year in Solano County. Sixteen percent were apartments.
- Housing production is expected to average 1,900 homes per year from 2022 to 2027, ninety percent being single family homes.
- Solano County was assigned by The Association of Bay Area Governments (ABAG) to build 10,992 housing units over the 2023-2031 period. This assignment comes from the Regional Housing Needs Assessment program of the Housing and Community Development Department.
- With the new housing requirements set by the HCD as part of the Regional Housing Needs Assessment program, housing projects under review in Vallejo continue to expand. In mid-2022, Vallejo had 2,141 residential permits under review.



A substantial number of new homes will be constructed in Fairfield, which is within a reasonable commute of Vallejo and the East Bay, and a long commute to San Francisco.

Solano County Economic Forecast

- The City of Fairfield had 1,813 approved units of housing in 2021, with 410 issued permits to build housing. By July of 2022, another 192 units were issued building permits for the calendar year. For the entire County, 1,092 new homes had been permitted in 2022 during the first 7 months of the year.
- Villages at Fairfield is the biggest development project going on in Solano County. The project covers 431-acres in the northeast portion of Fairfield. The project is planned to include 1,830 residential units separated by four distinct villages.
- Villages at Fairfield will also include 12.4-acres of community space, 124.4-acres of open space, 20.7-acres of public facility property, and 14.2-acres of parkland. Village I will also include an elementary school.
- Villages I, II, and IV are currently under construction. Village III is not under construction yet, but has been approved. Homes are already up for sale.
- The city of Vacaville has 10 major residential development projects under construction and in its pipeline:
 1. Greentree (under review, 1200 units)
 2. Lower Lagoon Valley (approved, 1,015 units)
 3. North Village (approved, 2,500 units)
 4. The Farm At Alamo Creek (approved, 772 units)
 5. Roberts' Ranch (under construction, 785 units)
 6. Vanden Meadows (under construction, 780 units)
 7. Brighton Landing (under construction, 767 units)
 8. Rice McMurtry (under construction, 311 units)
 9. Farmstead (under construction, 130 units)
 10. Montessa (approved, 59 units)



The 1,830 unit master planned community called the Villages at Fairfield is being built by D.R. Horton, Discovery Homes, and Tri Pointe Homes. Prices in 2022 started in the mid \$600 thousands.

Solano County Economic Forecast

Economic Indicators

2015-2021 History, 2022-2050 Forecast

	Population (people)	House- holds (thousands)	Net Migration (people)	New Homes Permitted (homes)	Registered Vehicles (thousands)	Personal Income (billions)	Taxable Retail Sales (billions)	Total Taxable Sales (billions)	Real Industrial Production (billions)	Real per Capita Income (dollars)	Unemployment Rate (percent)	Real Farm Production (millions)	Inflation Rate (percent)
2015	435,902	145.9	2,616	1,063	402	\$19.4	\$4.7	\$7.0	\$8.2	\$53,557	6.1	\$422	2.6
2016	441,224	147.4	3,358	873	416	\$20.7	\$4.9	\$7.3	\$8.0	\$54,715	5.5	\$405	3.0
2017	445,721	148.6	2,664	995	420	\$21.6	\$5.1	\$7.7	\$7.5	\$54,727	4.8	\$411	3.2
2018	449,091	150.2	1,789	1,238	430	\$22.8	\$5.2	\$7.9	\$7.5	\$54,976	4.0	\$397	4.2
2019	451,701	151.2	1,166	1,242	439	\$24.2	\$5.2	\$8.3	\$7.4	\$56,241	3.8	\$395	3.2
2020	453,405	152.1	212	2,102	437	\$26.4	\$5.4	\$8.2	\$8.5	\$60,253	9.9	\$372	1.7
2021	452,532	152.9	-1,893	1,877	441	\$26.1	\$6.3	\$9.7	\$7.9	\$57,654	7.2	\$366	3.4
2022	451,707	154.3	-2,113	1,722	441	\$29.5	\$7.5	\$11.1	\$8.1	\$60,653	4.3	\$352	7.6
2023	452,479	155.9	-477	1,834	442	\$31.2	\$7.6	\$11.7	\$8.3	\$61,665	4.5	\$339	3.9
2024	454,842	157.5	-1,149	1,923	442	\$32.4	\$7.7	\$11.9	\$8.4	\$62,071	4.6	\$337	2.7
2025	457,310	159.3	1,300	2,080	443	\$33.9	\$7.8	\$12.1	\$8.6	\$62,904	4.5	\$335	2.8
2026	460,466	161.2	2,028	2,068	444	\$35.3	\$7.9	\$12.3	\$8.7	\$63,416	4.5	\$323	2.7
2027	463,752	163.1	2,213	1,960	445	\$36.8	\$8.0	\$12.4	\$8.9	\$63,893	4.6	\$335	2.6
2028	467,133	164.9	2,384	1,804	447	\$38.3	\$8.1	\$12.6	\$9.0	\$64,311	4.6	\$335	2.6
2029	471,093	166.6	3,009	1,795	449	\$39.7	\$8.3	\$12.9	\$9.1	\$64,443	4.6	\$334	2.7
2030	475,233	168.2	3,249	1,708	451	\$41.2	\$8.6	\$13.3	\$9.2	\$64,565	4.6	\$334	2.6
2031	479,549	169.8	3,533	1,703	454	\$42.7	\$8.9	\$13.7	\$9.3	\$64,664	4.6	\$334	2.5
2032	483,843	171.4	3,633	1,700	457	\$44.3	\$9.1	\$14.1	\$9.5	\$64,630	4.6	\$334	2.7
2033	487,475	172.9	3,064	1,588	460	\$45.8	\$9.4	\$14.5	\$9.5	\$64,839	4.6	\$334	2.3
2034	490,505	174.4	2,553	1,593	463	\$47.4	\$9.6	\$14.9	\$9.6	\$65,047	4.6	\$334	2.5
2035	493,262	175.9	2,371	1,601	466	\$49.1	\$10.0	\$15.3	\$9.7	\$65,273	4.6	\$333	2.6
2036	495,597	177.4	2,014	1,575	469	\$50.9	\$10.3	\$15.9	\$9.7	\$65,375	4.6	\$333	3.0
2037	497,756	178.8	1,897	1,540	471	\$52.8	\$10.7	\$16.5	\$9.8	\$65,471	4.6	\$333	3.1
2038	499,841	180.2	1,870	1,517	474	\$54.7	\$11.1	\$17.0	\$9.9	\$65,553	4.6	\$330	2.9
2039	501,897	181.6	1,880	1,498	476	\$56.7	\$11.4	\$17.6	\$10.0	\$65,761	4.6	\$333	3.1
2040	503,917	183.0	1,900	1,481	479	\$58.8	\$11.8	\$18.2	\$10.1	\$65,894	4.6	\$333	3.0
2041	506,412	184.4	2,426	1,465	481	\$60.8	\$12.1	\$18.7	\$10.2	\$66,130	4.6	\$333	2.6
2042	509,349	185.7	2,889	1,472	484	\$62.9	\$12.4	\$19.2	\$10.3	\$66,340	4.6	\$333	2.5
2043	512,612	187.1	3,224	1,477	486	\$65.1	\$12.8	\$19.7	\$10.5	\$66,515	4.6	\$333	2.4
2044	515,899	188.4	3,263	1,475	489	\$67.2	\$13.1	\$20.2	\$10.6	\$66,736	4.6	\$333	2.3
2045	519,121	189.8	3,193	1,460	492	\$69.3	\$13.4	\$20.8	\$10.7	\$66,905	4.6	\$332	2.3
2046	522,229	191.1	3,081	1,439	495	\$71.6	\$13.8	\$21.3	\$10.8	\$67,016	4.6	\$332	2.4
2047	525,295	192.4	3,052	1,416	497	\$73.9	\$14.2	\$21.9	\$10.9	\$67,025	4.6	\$332	2.6
2048	528,380	193.8	3,060	1,397	500	\$76.3	\$14.6	\$22.6	\$11.0	\$67,014	4.6	\$332	2.7
2049	531,499	195.0	3,077	1,380	503	\$78.8	\$15.0	\$23.2	\$11.1	\$67,132	4.6	\$332	2.4
2050	534,629	196.3	3,097	1,363	506	\$81.4	\$15.5	\$23.9	\$11.3	\$67,209	4.6	\$332	2.5

Employment Sectors

2015-2021 History, 2022-2050 Forecast

	Total Wage & Salary	Farm	Construction	Manufac- turing	Transportation & Utilities	Wholesale & Retail Trade	Financial Activities	Professional Services	Information	Health & Education	Leisure	Government
	(thousands of jobs)											
2015	134.4	1.8	9.1	11.7	4.3	22.8	4.9	9.5	1.1	25.2	14.8	24.8
2016	138.0	1.8	10.3	11.9	4.5	22.7	5.1	9.2	1.1	26.6	15.1	25.2
2017	138.5	1.7	10.4	10.5	4.5	22.9	5.1	9.5	1.1	27.7	15.2	25.0
2018	141.8	1.7	11.2	10.7	4.8	23.1	5.2	10.1	1.1	28.4	15.6	24.9
2019	143.1	1.5	12.3	10.8	4.8	22.2	5.1	10.2	1.2	29.0	16.1	24.8
2020	132.4	1.5	11.1	10.5	4.9	20.8	5.0	9.7	0.8	27.9	12.3	23.4
2021	134.7	1.5	11.6	10.3	5.2	21.5	4.8	10.2	0.8	27.3	13.8	23.1
2022	138.5	1.6	12.2	10.3	5.2	21.9	4.7	10.5	0.8	27.9	14.9	23.7
2023	141.1	1.6	12.6	10.4	5.5	22.1	4.6	10.7	0.9	28.5	15.3	24.0
2024	143.2	1.6	12.6	10.4	5.7	22.1	4.7	10.9	0.9	29.3	15.7	24.4
2025	144.9	1.6	12.6	10.4	6.0	22.0	4.7	11.2	0.9	30.0	16.0	24.8
2026	146.0	1.5	12.4	10.4	6.1	21.9	4.7	11.3	0.9	30.7	16.3	25.0
2027	147.3	1.5	12.3	10.3	6.2	21.9	4.7	11.4	0.9	31.4	16.7	25.3
2028	148.1	1.5	12.1	10.3	6.3	21.8	4.7	11.5	0.9	31.9	16.9	25.5
2029	149.2	1.4	12.1	10.3	6.4	21.7	4.7	11.6	0.9	32.5	17.2	25.7
2030	150.5	1.4	12.1	10.2	6.4	21.7	4.7	11.7	0.9	33.4	17.4	25.8
2031	152.0	1.4	12.0	10.2	6.5	21.7	4.7	11.7	0.9	34.0	17.6	26.5
2032	150.3	1.4	12.0	10.2	6.6	21.7	4.7	11.8	0.9	34.2	17.7	26.5
2033	153.1	1.4	11.9	10.2	6.6	21.7	4.7	11.8	0.9	34.8	17.8	26.6
2034	153.8	1.4	11.9	10.2	6.6	21.7	4.7	11.9	0.9	35.3	18.0	26.6
2035	154.3	1.4	11.9	10.1	6.7	21.7	4.7	11.9	0.9	35.6	18.1	26.6
2036	154.8	1.4	11.8	10.1	6.7	21.7	4.7	11.9	0.9	36.0	18.2	26.7
2037	155.1	1.4	11.8	10.1	6.7	21.7	4.7	12.0	0.9	36.1	18.3	26.7
2038	155.4	1.4	11.7	10.1	6.7	21.7	4.7	12.0	0.9	36.2	18.4	26.8
2039	155.7	1.4	11.7	10.1	6.7	21.7	4.7	12.0	0.9	36.3	18.5	26.9
2040	155.9	1.4	11.6	10.1	6.8	21.6	4.7	12.0	0.9	36.5	18.6	27.0
2041	156.2	1.4	11.6	10.1	6.8	21.6	4.7	12.1	0.9	36.6	18.6	27.0
2042	156.6	1.4	11.5	10.1	6.8	21.6	4.7	12.1	0.9	36.8	18.7	27.1
2043	156.8	1.4	11.5	10.1	6.8	21.6	4.7	12.1	0.9	36.9	18.8	27.2
2044	157.1	1.4	11.4	10.1	6.8	21.6	4.7	12.1	0.9	37.0	18.9	27.3
2045	157.3	1.4	11.4	10.1	6.8	21.6	4.7	12.2	0.9	37.1	19.0	27.3
2046	157.5	1.4	11.3	10.1	6.8	21.6	4.7	12.2	0.9	37.2	19.1	27.4
2047	157.7	1.4	11.3	10.1	6.8	21.6	4.7	12.2	0.9	37.2	19.2	27.4
2048	158.0	1.4	11.2	10.1	6.9	21.6	4.6	12.2	0.9	37.4	19.3	27.5
2049	158.4	1.4	11.2	10.1	6.9	21.7	4.6	12.2	0.9	37.6	19.4	27.6
2050	158.8	1.4	11.1	10.0	6.9	21.7	4.6	12.2	0.9	37.9	19.5	27.7

Solano County Economic Forecast

Socioeconomic Indicators

